

FISCAL IMPACT STATEMENT ON BILL NO. **S116**

(Doc. No. 19297mm09.docx)

TO:	The Honorable Hugh Leatherman, Chairman, Senate Finance Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	K. Earle Powell		
DATE:	March 26, 2009	SBD:	2009354

AUTHOR:	Senator Knotts	PRIMARY CODE CITE:	11-35-310
SUBJECT:	Consolidated Procurement Code		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
See Below

BILL SUMMARY:

This Bill would amend the Code of Laws of South Carolina, 1976, relating to the Consolidated Procurement Code and vendor preferences.

EXPLANATION OF IMPACT:

The State Budget and Control Board reports that Section 11-35-1524 currently provides preferences for in-state vendors, South Carolina end-products, and US end-products such that some contracts are awarded to a higher-priced in-state vendor, rather than to a lower-priced out-of-state vendor. The Materials Management Office began compiling preference data shortly after this statute was enacted by requesting agencies to submit quarterly reports that identify awards impacted by the preference and showing the difference in price between the lowest price offer and the awarded offer. Based on these reports, the preferences have shifted awards to qualified vendors for awards valued at \$38,167,497. The preferences have cost the state \$1,369,978 in higher prices through December 31, 2008.

This Bill creates additional preferences. Therefore, the provisions of this Bill may increase the price paid on some government contracts by as much as 10%. However, the future impact on agency expenditures is not readily quantifiable and will depend on the number of additional contracts awarded to in-state vendors and the terms of those contracts.

This legislation would have no fiscal impact to the operating budget of the Procurement Services Division.

SPECIAL NOTES:

None.

Approved by:



Harry Bell
Assistant Director, Office of State Budget